GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2378
ANSWERED ON:15.12.2008
FORWARD MARKETS COMMISSION
Badiga Shri Ramakrishna

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government proposes to further strengthen the Forward Markets Commission;

(b) if so,the details thereof;

(c) the turnover of various farm items traded through commodities exchanges during each of the last two years and the current year;

(d) the revenue earned by the Government on trading of various farm items through commodity exchanges during the said period; and

(e) the details of Commodity Transaction Tax imposed an various items traded through Commodities Exchanges, item-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN)

(a): Yes,Sir.

(b): Yes.In order to strengthen and restructure Forward Markets Commission (FMC), the Government has introduced Forward Contracts (Regulation) Bill, 2006 in Lok Sabha on 21.03.2006. The Bill, interalia, provides for
(i) increase in the number of Members of FMC from four to nine with up to three whole-time Members and a Chairman;
(ii) enhancement of the powers of FMC;
(iii) conferring power upon FMC to recruit its officers and employees;
(iv) conferring power upon FMC to levy fee;
(v) creation of FMC General Fund to which all receivables will be credited and
(vi) registration of intermediaries with FMC. The volume of trade in various agricultural commodities during 2006-07, 2007-08 and 2008-09 is at Annexure-I.

(d): The volume of trading at the Commodity Exchanges does not generate any direct revenue to the FMC/Government. However, the incomes / profits of the Exchanges and various participants (i.e. traders, brokers, other intermediaries, etc.) are subjected to applicable taxes, including income tax.

(e): As per the Finance Act. 2008, CTT at the following rates have been imposed on the transactions on the Commodity Future Exchange in all the commodities.

Sr. No.	Taxable commodities transaction	Rate	Payable by
1.	Sale of an option in goods or an option in commodity derivative	0.017 per cent	Seller
2.	Sale of an option in goods or an option in commodity derivative, where option is exercised.	0.125 percent	Purchaser
3.	Sale of any other commodity derivative	0.017 per cent	Seller

The provisions,however,have not become operational as the relevant notification has yet not been issued by the Government.